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ED/EC M-262

August 2, 1957

EXECUTIVE COMMITTEE OF THE
ECONOMIC DEFENSE ADVISORY COMMITTEE

MINUTES

2:00 p.m. Tuesday, July 30, 1957
Room 1213 Maiatico

Attendance:

MDAC

Mr. Hale, Chairman
Mr. Anderson
Mrs. Huver, Committee Secretary

CIA

Mr. [REDACTED] 25X1A9a

Commerce

Mr. George

Defense

Col. Green

ICA

Mr. Slaght

State

Mr. Henderson
Mr. Tucker

Treasury

Mr. Sommerfield

Agenda:

Note a. State Department Proposal for Work Program Implementing Paragraph 21. of Revised Economic Defense Policy.

1. Memorandum to EDAC Regarding JCS Memorandum
2. Work Program for Implementing Paragraph 9. of Revised Economic Defense Policy

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Note a. State Department Proposal for Work Program Implementing Paragraph 21. of Revised Economic Defense Policy.

The State member distributed a paper which is the State Department proposal for a work program for implementation of Paragraph 21. of the new draft policy statement. (It will be reproduced for EDAC consideration as Annex B to EDAC D-135/1a.)

1. Memorandum to EDAC Regarding JCS Memorandum

Decision

The MDAC draft paper entitled "Memorandum to EDAC Regarding JCS Points for Consideration", dated July 30, 1957, was approved by the members, as revised at this meeting. (The revised memorandum, entitled "EDAC Recommendations on JCS Questions" will be reproduced as EDAC D-135/3.)

A Working Group III meeting would be held to prepare a report which would present the disagreement among agencies on whether the trade control question should be referred to NATO. (See Tab B and attachments to EDAC D-135/3.)

Discussion

An MDAC draft paper entitled "Memorandum to EDAC Regarding JCS Points for Consideration" was distributed to the members for review and approval.

The Defense member also submitted a memorandum which, he pointed out, was to clarify the intentions of the questions posed by the JCS in paragraphs 3.b.(1) and (2) of their memorandum, dated 13 June 1957, to the Secretary of Defense. (This memorandum of clarification will be reproduced and attached to EDAC D-135/3 as Tab A.)

The MDAC paper was reviewed paragraph by paragraph and, in connection with the discussion of the portion dealing with paragraphs 3.b.(1) and (2) of the JCS paper, the State member said he did not believe that the Trading With the Enemy Act was relevant to the issue. The Treasury member replied that he had put down on paper some wording regarding the possible invocation of that Act, which paper he distributed to the members.

After reviewing the Treasury paper, the State member said that it supports his point of view on the use of that Act. He felt, however, that the invocation of the Act as suggested in the JCS paper would have very serious consequences on foreign policies.

The Defense member said he wanted to make clear that the JCS are not proposing or recommending anything in their paper, and in this case they are merely asking the NSC to consider the points brought out in 3.b.(1) and (2) in the review of economic defense policy.

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The Commerce member said that the difference lies in whether we are confining our thinking and activity to anti-frustration of our controls or whether we are speaking about punitive measures. He felt that it is quite possible that the abolition of the differential might lead to some anti-frustration activity on the part of the U.S. However, as long as it is anti-frustration activity and not punitive action it is all right. He pointed out that ever since we have had an anti-frustration policy, it has been realized that there would be question as to whether we were in fact acting on that basis or on a punitive basis. Commerce has always maintained that their actions were anti-frustration, even though they were interpreted otherwise by some governments. He said they tried their best to explain to the PCs and, in some instances, after a number of attempts, appeared to succeed.

The State member replied that they may have succeeded but with very serious foreign policy implications. He added that he could think of no anti-frustration measures which would not be taken as punitive by the PCs.

The Chairman reported that the Williams Committee had decided that it was inappropriate to fix in the policy special language which would endorse a proposal extensively to use U.S. controls for the purpose of a new effort in anti-frustration. For this reason Admiral DeLany agreed that it was unnecessary for EDAC to debate this issue, since present policy seems to make clear that, where appropriate, anti-frustration methods should be used and, when an agency believes there should be an anti-frustration applied, it would have to go to ACEP or to EDAC for interagency consideration.

In discussing the portion of the draft dealing with paragraphs 3.b.(3) and (4) of the JCS paper, the State member said that his agency has come to the conclusion that now is not the time to refer the trade control question to NATO. The Defense member, however, said his agency felt strongly that the matter should now be referred to NATO.

In this connection, the ICA member mentioned that recent telegrams from certain posts have indicated that they are not in favor of referring this matter to NATO.

It was decided that a Working Group III meeting should be held the next day to discuss this matter and to prepare a report which would present the conflict between proponents of action and inaction of paragraphs 3.b.(3) and (4) of the JCS memorandum. (This report will be appended as Tab B to EDAC D-135/3.)

After further discussion, the members approved the MDAC draft, as revised at this meeting, for transmittal to EDAC. (EDAC D-135/3)

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2. Work Program for Implementing Paragraph 9. of Revised Economic Defense Policy
Ref: ED/EC M-259
Annex A to EDAC D-135/1a

Decision

The extent of intelligence information which the CIA member said his agency could produce in the time specified, in response to its assignment with respect to the implementation of paragraph 9. of the revised economic defense policy, met with the approval of all members.

Discussion

The CIA member made reference to the assignment given his agency to prepare intelligence studies of commodity and technical areas, for submission to Working Group I beginning not later than August 15 and ending not later than August 20. He stated that to do the job the way he would like to would take two months at a minimum. However, he outlined what his agency hoped to be able to accomplish in the specified period and asked if the members thought this would be reasonably useful. All agreed that it would.

The Chairman felt that, in addition to these intelligence estimates, WG-I should obtain judgments of technicians. When this information is submitted, WG I would then enlarge upon it on the basis of its own competence. Given a knowledge of what CIA is itself going to do, WG I should determine how they can use this information and should be left to devise its own methods for coming up with the report requested by the Executive Committee.

The Defense member reported on the progress of the assignments given his Department under 9.b.(4)(b) i, iii and iv of the work program for paragraph 9. He felt they could be completed and submitted to WG-I by the specified time.

Distribution:

ED List Parts I & II
& WG I (limited)

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